

1                                   BEFORE THE STATE OF WASHINGTON  
2                                   ENERGY FACILITY SITE EVALUATION COUNCIL  
3

4 In the Matter of Application No. 2003-01:  
5 SAGEBRUSH POWER PARTNERS, LLC;  
6 KITTITAS VALLEY WIND POWER PROJECT  
7  
8

EXHIBIT 36 (PBD-T)

9  
10                                   **APPLICANT'S PREFILED DIRECT TESTIMONY**  
11                                   **WITNESS # 36: P. BARTON DE LACY**  
12

13 Q       Please state your name and business address.  
14

15 A       P. Barton DeLacy; 110 SW Yamhill St., Suite 200, Portland, OR 97204  
16

17 Q       What is your present occupation, profession; and what are your duties and  
18           responsibilities?  
19

20 A       I am a real estate appraiser and consultant. I presently manage PGP Consulting LLC, a  
21           wholly owned affiliate of PGP Valuation. I procure, perform and review fee engagements  
22           relating to the evaluation of real property. I also prepare analyses to support litigation  
23           regarding real estate values, land uses impacts and for eminent domain proceedings.  
24  
25

EXHIBIT 36 (PBD-T) - 1  
P. BARTON DE LACY  
PREFILED TESTIMONY

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1 Q Would you please identify what has been marked for identification as Exhibit 36-1 (PBD-  
2 1)?

3  
4 A Exhibit 36-1 (PBD-1) is a résumé of my educational background and employment  
5 experience.

6  
7 Q Please explain the purpose of your testimony.

8  
9 A I am providing testimony relating to an analysis completed by my company to address  
10 whether the proposed wind power project might affect property values in the vicinity of  
11 the wind turbine generators.

12  
13 Q Does your testimony summarize your analysis?

14  
15 A Yes

16  
17 Q Did you conduct and prepare the property impact analysis, or, if not, did you direct and/or  
18 supervise its preparation?

19  
20 A Yes

21  
22 Q Is the information in this analysis within your area of authority and/or expertise?

23  
24 A Yes

1  
2 Q Are the contents of this analysis either based upon your own knowledge, or upon  
3 evidence, such as studies and reports as reasonably prudent persons in your field and  
4 expertise are accustomed to rely in the conduct of their affairs?  
5

6 A Yes  
7

8 Q To the best of your knowledge, are the contents of this analysis true?  
9

10 A Yes  
11

12 Q Do you incorporate the facts and contents of this analysis as part of your testimony?  
13

14 A Yes  
15

16 Q Are you able to answer questions under cross examination regarding this analysis?  
17

18 A Yes  
19

20 Q Would you please briefly describe your expertise and qualifications?  
21

22 A My personal experience with the siting of obtrusive structures or controversial land uses  
23 in rural areas spans over 25 years. This experience includes evaluations of property value  
24 impacts for the placement of transmission towers, power lines, underground pipelines, the  
25

1 extension of gravel mines, siting of prisons, power plants, land fills and evaluation of air  
2 emissions from a cement kiln. I have been a licensed or certified appraiser since 1979 and  
3 am certified in the State of Washington, as well as Oregon, Montana, Idaho and  
4 California (pending). My professional credentials include the MAI designation and a  
5 Masters degree in Urban and Regional Planning (see my accompanying CV). I served  
6 five years on a city planning commission and was appointed to a statewide emergency  
7 siting authority to site four youth prisons.

8  
9 Q Have you qualified as an expert witness in the State of Washington?

10  
11 A Yes. I have qualified as an expert witness at a Board of Equalization Hearing in Kitsap  
12 County. I have also qualified as an expert witness for real estate valuation and land use  
13 impacts in both State and Federal Courts in Oregon and California.

14  
15 Q Would you please summarize and briefly describe the information and data you collected,  
16 as well as your method for analyzing the effect of the proposed Kittitas Valley Wind  
17 Power Project on local property values?

18  
19 A The scope of our analysis included field inspections of the affected areas in Kittitas  
20 County, a review of available literature regarding land use impacts of energy facilities, a  
21 review of a May 2003 analytical report, *The Effect of Wind Development on Local*  
22 *Property Values*, by George Sterzinger for the Renewable Energy Policy Project  
23 ("REPP"), a collection of multiple listing and county assessor records on property sales in  
24 the area, and several interviews with local Kittitas County real estate brokers and

1 appraisers regarding specific transactions and the anticipated effect of the project on the  
2 area.

3  
4 Our work included an analysis of the transactional data we compiled for Kittitas County,  
5 going back over ten years. Since the project was announced over two years ago, we were  
6 able to track paired sales where the rate of appreciation could be calculated between a  
7 transaction made after the announcement and one some time before. These statistics have  
8 been incorporated in our analysis. Further, we collected anecdotal observations from  
9 local brokers regarding property-specific reactions, reflected in sale price, when parties  
10 were informed about the proposed wind turbines.

11  
12 Since the turbines have yet to be constructed, actual impacts may be difficult to assess.  
13 However, a field poll taken by Evergreen Research Corp. between September 5-9, 2002  
14 on behalf of enXco (another wind power development company) showed that 92% of all  
15 respondents (from a statistically significant random sampling of Kittitas County  
16 residents) were aware of the wind farm issue in the county. The poll showed that over  
17 70% of respondents supported the development of wind power projects in the county  
18 once informed of their scope and purpose. Personal preference, it should be noted, does  
19 not necessarily affect property values. In addition to evidence of the potential property  
20 owner preferences (i.e. perceptions and biases regarding the impacts of wind power  
21 projects on daily life and property ownership in the County), this survey indicated a very  
22 high level of awareness of the pending projects. This awareness could tend to influence  
23 property purchase decisions in areas with views of the wind power project sites.

24 However, as described below, the analysis we conducted showed no negative impacts on  
25

1 property values and sales based upon knowledge of the pending Kittitas Valley Wind  
2 Power project.

3  
4 Our statistical analysis of the Kittitas Valley view shed closely paralleled the  
5 methodology used by the REPP. We selected as comparable areas lower Kittitas County,  
6 which includes affected areas of the Valley, and the City of Ellensburg, the nearby  
7 community, which lies beyond the view shed.

8  
9 We looked at changes in property values over a 6 year period; 4 years before the  
10 announcement, and the two years hence. If property values were to be adversely impacted  
11 by the wind farm, then value trends post announcement should have been negative  
12 compared with comparable areas unaffected by the turbine placement. The REPP study  
13 showed that in most communities tested, property values increased post installation at the  
14 same rate or at faster rates than the control community. We found the same trends to be  
15 true here in the Kittitas Valley.

16  
17 Q Please describe how existing local land use patterns and attributes affect the analysis of  
18 property values related to this Project.

19  
20 A We first noted that the proposed project will be located in a well established energy  
21 transmission corridor. In the 3 mile by 5 mile area where the project is proposed, 10  
22 story transmission towers dominate the skyline, traversing a wide corridor running from  
23 northwest to southeast through the valley. While there are some sites within the wind  
24  
25

1 project affected area that have unobstructed views, the hand of man is very evident and  
2 long established. Most of the affected sites already have views of transmission towers.

3  
4 The general study area includes central Kittitas County, northwest of the City of  
5 Ellensburg. The surrounding landscape is characterized by hills barren of trees and  
6 rangeland with some scattered residences. Forest cover exists to the north of the Project  
7 but we did not observe any commercial forestry operations taking place in the immediate  
8 vicinity of the Project. Aside from tracts which might be best described as suburban  
9 sprawl emanating from Ellensburg, one finds more intensive rural settlement further  
10 north within wooded areas lying to the northwest toward Cle Elum. Those residences  
11 have no views of this transmission corridor, either because of orientation or tree cover.

12  
13 The overall population density in the area is low. There are approximately 60 dwellings  
14 within one mile of the proposed Project. Many of these are little more than seasonal  
15 cabins. There are approximately 7 residences within the immediate Project area. We  
16 understand that all but one of them have signed option agreements with the Applicant.

17  
18 As set forth in the Application for Site Certification, a summary of land uses and  
19 structures in the area include:

20  
21 A commercial gravel quarry on Highway 97 just south of the northern junction  
22 with Bettas Road operated by Ellensburg Cement Products;

1 An inactive gravel quarry on Bettas Road north of the junction with Hayward  
2 Road owned by the Washington Department of Transportation;

3  
4 Five sets of BPA electric transmission lines running east to west across the  
5 Project area, divided into one group of four near the middle of the Project and one  
6 to the north;

7  
8 One set of Puget Sound Energy electric transmission lines running east to west  
9 across the Project area just north of the southern set of BPA lines;

10  
11 Three communication towers;

12  
13 Two state highways: Highway 97, running through the middle of the Project area,  
14 and Highway 10 south of the Project area;

15  
16 Two county roads: Bettas Road, a paved, two lane road near the western edge of  
17 the Project area and Hayward Road, an unpaved road toward the south of the  
18 Project area;

19  
20 Five parcels of land are owned by the Washington Department of Natural  
21 Resources, located in T 19 N R 17 E, Sections 2, 10, 16 and 22; and  
22  
23  
24  
25



1           Agricultural lands are located south of Highway 10 along the Yakima River. The  
2           Project would be located on privately owned land except for the parcels owned by  
3           the DNR.

4  
5           Ultimately, after creating an inventory of all properties which would have a view of the  
6           project, we found only a handful of sites that might be construed to have unobstructed  
7           views that will be impaired when the turbines are constructed. This analysis addresses  
8           indirect impacts to properties merely affected within the view shed.

9  
10          Q       Did you review specific information and data relating to property values in Kittitas  
11                  County?

12  
13          A       Yes. We reviewed and analyzed changes in property values over a 6 year period; 4 years  
14                  before the announcement, and the two years thereafter. If property values were to be  
15                  adversely impacted by the wind farm, then value trends post announcement should be  
16                  negative compared with comparable areas unaffected by the turbine placement. We  
17                  obtained historical sales data for both the City of Ellensburg and Lower Kittitas County.  
18                  These two data sets could be considered “control” communities, in that, in aggregate,  
19                  they were unaffected by the wind power project.

20  
21                  This home sale information has been compiled and published on a monthly basis in the  
22                  “REAL REVIEW” since 1988 by Betsy Billeter of Central Washington Real Estate  
23                  Services. Similar information for the upper county area, centered around Cle Elum, had  
24                  not been similarly collected. However, the upper county would be less useful as a control

1 area because of the influence from Bellevue and the pending development of the Trend  
2 West resort.

3  
4 Our data shows that residential property values appreciated within the affected area  
5 (where we tabulated 21 sets of paired sales) at significantly higher annual appreciation  
6 rates compared with the two control data sets. In fact, property values appreciated across  
7 the board. While the pace of appreciation slowed somewhat in 2001, before the  
8 announcement, we attribute the apparent slowdown to the impact of the dot.com bust  
9 which affected much of Northwest Washington State and the Eastside of Seattle. By  
10 2002 it appeared markets had recovered.

11  
12 The REPP study showed that in most communities tested, property values increased post  
13 installation at the same rate or at faster rates than the control community. Our analysis  
14 confirmed this premise at the local Kittitas County level.

15  
16 Q Please summarize and briefly describe your conclusions and opinions regarding the  
17 potential effect of the proposed Kittitas Valley Wind Power Project on local property  
18 values for vacant, undeveloped properties.

19  
20 A Many of the sites near the proposed project that might be affected are vacant and  
21 undeveloped. Some appear to be used for livestock grazing. We have found that mere  
22 orientation of improvements constructed on undeveloped properties can mitigate or  
23 improve views. In other words, where property is vacant, future residential development,  
24 including home design and orientation, can and will be based upon subjective personal

1 preferences for views. One builder may choose a view which excludes the wind turbines  
2 from primary viewpoints in a home, while another builder may choose to observe the  
3 turbines.

4  
5 Another related issue is the availability of access and utilities to some of the now vacant  
6 parcels that might someday be improved with homes. Particularly in this location, costs  
7 are high to extend electricity, dig domestic wells, create septic systems and build roads  
8 suitable for year round access. These costs tend to reduce the likelihood of imminent or  
9 near-term development of many of the properties in the vicinity of the project. If a site is  
10 selected for home construction, the parcels are large enough (generally 20 to 40 acres or  
11 more) to provide a builder great flexibility in siting and orienting the improvements so as  
12 to be unaffected by a view of the turbines, if so desired.

13  
14 Therefore, it is my professional opinion that it cannot be said that future utility of given  
15 sites will be adversely affected by the Project.

16  
17 It should be noted that every property is unique and fixed in place. Many human factors  
18 involving personal preferences come in to play when property is purchased, particularly  
19 for residential use. And, of all types of property use, residential properties are most  
20 sensitive to personal preference. Thus the fact that one party likes shade and another sun  
21 does not mean that a particular parcel without trees is worth more or less. We found that  
22 some people like the idea of wind turbines, and some do not. However, we did not find  
23 that there is empirical support for the claim that wind turbines will adversely affect  
24 property values.

1  
2 Other studies, including a seminal analysis of how a closed lead smelter (and designated  
3 EPA Superfund site) affected property values in the Dallas area, suggest that value  
4 impacts become negligible outside a two mile radius from the “undesirable” land use.  
5 Further, since no contamination or emission concerns are at issue with wind turbines,  
6 only potential impacts on the view shed itself can have a value impact. Other studies  
7 underscore the relative resiliency of property values to indirect impacts when offsetting  
8 amenities or macro-economic factors are present.  
9

10 Q Please summarize and briefly describe your conclusions and opinions regarding the  
11 potential effect of the proposed Kittitas Valley Wind Power Project on property values  
12 for developed properties in the vicinity of the project.  
13

14 A We analyzed appreciation rates extracted from paired sales and multiple listing records  
15 reporting the average prices for homes sold. A paired sale is an observation of the sale  
16 and re-sale of the same property, over time. So long as there have been no changes in the  
17 property during the interim, the difference between the sale prices can be extracted as an  
18 indicator of passive appreciation. Ultimately each pair must be analyzed for site specific  
19 changes or the circumstances of the parties involved. However, with a high frequency of  
20 transactions, aggregated trends become more reliable.  
21

22 What was remarkable about the study area was the relative high number of paired sales  
23 which were reported since announcement of the project (12, or nearly 20% of the parcel  
24 inventory, a very high rate for a rural area). In virtually every case, robust appreciation  
25

1 rates were indicated. This suggests that the marketability of the sites was unaffected by  
2 the proposed project and that land values were unaffected as indicated by the rates of  
3 value appreciation.

4  
5 We found that paired sales in the area surrounding the KVVPP project were appreciating  
6 at rates well above that of the county in general and the city of Ellensburg. This holds  
7 true for the four-year PRE-Announcement period and the 2-year POST-Announcement  
8 period with rates above the 10% range in the vicinity of the project versus rates below  
9 10% in Ellensburg and Lower Kittitas County.

10  
11 Overall we find that the influence of the Seattle-Bellevue area, only 90 minutes to the  
12 west, may have much to do with evident demand for homesites in Kittitas County,  
13 including the project vicinity. Second, the local economy is influenced by agricultural  
14 activities to the east and the emergence of Central Washington University as a regional  
15 center for research and culture. Third, the Kittitas Valley must be recognized as a major  
16 power transmission corridor which is why the confluence of access to the power grid  
17 coupled with presence of the wind resource makes this an attractive site for wind  
18 turbines. Given these factors and considering more general trends in real estate prices,  
19 post announcement of the project, we find no evidence that the wind project will  
20 adversely affect local property values.

21  
22 Q Please summarize your opinions regarding the potential impact of the Kittitas Valley  
23 Wind Power project on property values and sales of properties in the vicinity of the  
24 project.

1  
2 A As indicated above, we would expect that most impacts on property values and sales  
3 would occur within two miles of the project site. However, our analysis extended beyond  
4 this area. For both undeveloped and developed properties, the visual landscape of the  
5 project area is dominated by substantial electric transmission corridors. Undeveloped  
6 properties tend to be large parcels, which will typically be very costly to develop due to  
7 the absence of utilities and services, including electricity. Orientation of future  
8 improvements on these properties will mitigate impacts, if any. The project will have no  
9 impact upon property values for undeveloped properties. Developed properties, on the  
10 aggregate, have appreciated in value since the announcement of the project. We find that  
11 the project will have no impact upon the future sales or values of developed properties.  
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## EXHIBIT 36-1 (PBD-1)

### P. BARTON DELACY, MAI, CRE

*Managing Director*

**PGP CONSULTING, LLC**

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#### *Career Practice:*

Set up PGP CONSULTING LLC in 2002 as part of PGP VALUATION, the largest regional appraisal firm in the West. Previously, Senior Manager for Real Estate Consulting Group at Arthur Andersen LLP; leading the practice in Oregon, Washington, and Idaho. Previously partner or principal of fee appraisal and consulting firms based in Portland, Oregon, since 1982. Began career as residential appraiser at Benj. Franklin Savings and Loan in 1977. Licensed fee appraiser since 1979.

Practice centers on problem solving engagements where valuation is incidental to the solution. This includes advising on highest and best use opportunities for portfolios, determining value impacts in land use cases, arbitration, eminent domain consulting, litigation strategy, land use planning and site selection.

Appraisal experience includes well over 2,500 complex assignments relating to valuation of land, apartments, condominiums, office buildings, retail centers, industrial plants, warehouses and hotels.

Specialties include integrated business, personal and real property appraisals, land use impacts, health care facilities, land and timber portfolios and counseling for non-profit businesses with real property assets.

#### *Education*

- *Master of Urban Planning (MUP)*, Portland State University – with emphasis in regional economics and geographic information systems (GIS)
- *Bachelor of Arts (BA)*, Willamette University, Salem, Oregon – History Major, named a Mary Collins Scholar; Editor of weekly newspaper--The Collegian; Omicron Delta Kappa (ODK) honorary
- *School of Irish Studies*, Dublin, Ireland 1974
- *University of Oregon School of Law*, Eugene, Oregon 1976-77

#### *Professional Memberships, Certifications:*

- CRE, Counselors of Real Estate- 2003
- MAI Member, Appraisal Institute- 1983



#### *Education:*

Master of Urban Planning (MUP), Portland State University- 1988

Bachelor of Arts (BA), Willamette University, Salem, Oregon- 1975

# P. BARTON DELACY, CRE

## *Continued*

- SRA Member, Appraisal Institute- 1980
- ASA Member, Urban Properties, American Society of Appraisers- 2002
- Certified Appraiser – Oregon, Washington, Idaho, Montana, California

## *Teaching:*

Adjunct Instructor, Marylhurst University, Center for Professional Real Estate Studies (2001- present)

National Business Institute, Lorman Education Services, Clackamas Community College, Lane Community College

Guest Lecturer: University of Portland and Portland State University

## ***Summary of Select Health Care Consulting Engagements***

- *Good Samaritan Community Healthcare:* Developed capital asset management plan for regional hospital in conjunction with strategic planning initiative. Compiled assets into web hosted database and advised management on property acquisition and disposition decisions. Assisted in site locations and portfolio analysis. Deployed property management web portal.
- *Catholic Healthcare West:* Assisted Andersen strategy team with a market analysis in Long Beach, CA. At issue was which of two redundant facilities to close. Deployed a GIS analysis of patient census to show overlapping areas. Maps were then manipulated to show various “what if” scenarios.
- *SunHealth (Albuquerque) bankruptcy:* Evaluated a complex lease analysis model and performed a property by property review of operating leases for 390 facilities, mostly skilled nursing (SNF) and assisted living (ALF) in all 50 states.
- *Healthcare Appraisals:* Valuation consultation on Episcopal Hospital and campus in Smithtown, NY in foreclosure; consultation regarding a lease arbitration for Mesa General Hospital near Phoenix, AZ. Hospital valuations of Mid-Columbia in Oregon and several acute care facilities in Midwest portfolio.
- *Ambulatory Surgery Centers:* Market studies and appraisals on specialty outpatient medical clinics in Idaho, Washington and Oregon.

## ***Land Use:***

- *Montana DEQ:* Property impact assessment supporting air emission permit for cement plant in Gallatin Valley, working with engineering firm out of Boise.
- *Albina Fuel:* Project manager, coordinating professional team to obtain a commercial zone change and other entitlements in order to redevelop or sell company owned industrial site. Managed RFP (request for proposal) process to secure strategic buyer. Substantial value increase secured with rezone.
- *Sound Transit:* As prime consultant, assembled an interdisciplinary consultant team including a leading right-of way negotiator, local appraisers and strategic alliance with URS for environmental testing, to help a regional transit agency acquire station sites throughout the greater Puget Sound region.
- *Dammasch Prison Siting:* Provided strategy and gathered data supporting neighborhood interests opposed to prison siting across from school.
- *Lone Star Sand and Gravel:* Provided expert testimony on potential value impacts on individual residential property where gravel pit operator sought substantial expansion of area to be mined.



# P. BARTON DELACY, CRE

## *Continued*

Gathered evidence demonstrating long term impacts were positive. Worked with advocacy team including land use attorney and engineers.

- *Railroad/ Utility Corridor*: Valuation and strategic analysis of 200 mile rail corridor along Front Range of Rocky Mountains in Colorado; developed GIS tool to manage parcel data.

## ***Articles Published, Major Presentations:***

- “Shall We Hallow Fallow Ground?”, Daily Journal of Commerce column with Bob Stacey of 1000 Friends of Oregon, March 4, 2004.
- “Open Spaces, Empty Vistas”, Brainstorm NW, Current Events, July 2003.
- “Seattle Creek Initiative Has Profound Implications”, Puget Sound Business Journal, Vol. 23, No. 49, April 10, 2003.
- “Real Estate Strategies: Using Technology to Help Convert Secondary Lands to Highest and Best Use”, presented at 2002 OSCPA Forest Products Conference, Eugene, OR, June 2002.
- “Health Care Clients Rely on GIS and Web Portal to Manage Real Estate”, white paper presented in Washington DC at ESRI Global Healthcare Conference November 2001, published on website, Feb. 2002.
- “Oregon Siting Process Made Prison Location Successful”, *The Corrections Professional*, LRP Publications, 1998.
- “Highest and Best Use Should Guide Prison Siting” *Corrections Compendium*, American Correctional Association, February 1998.
- “The Emerging role of GIS in Real Estate Development Planning” with Kenneth J. Dueker, *Journal of the American Planning Association*, American Planning Association. 1990.
- “Cash Equivalency for Residential Appraising,” *The Appraisal Journal*, American Institute of Real Estate Appraisers, January 1983.

## ***Community Service:***

### *Current Activities:*

- Advisory Board to College of Urban and Public Affairs at Portland State University
- Chair, Real Property Committee for Portland Council of Society of St. Vincent DePaul
- Mt. Angel Abbey Foundation Trustee
- Portland Rotary Club

### *Select Past Activities:*

- Emergency Siting Authority: Juvenile Corrections Facilities (1995, 1998), appointed by then Oregon Senate President, now U.S. Sen. Gordon Smith.
- Planning Commissioner, City of Lake Oswego, Oregon two terms (1989-1993)
- Board of Trustees, Willamette University (1991-1994), and President Alumni Association (1992-1993), Alumni Board (1986-93)

## P. BARTON DELACY, CRE

*Continued*

- Panel Member, Regional Advisory Board to the Oversight Board, Resolution Trust Corporation (RTC) – oversaw disposition of real estate assets in six state western region (1990-1991); appointed by then HUD Secretary Jack Kemp
- Metropolitan Youth Commission, City of Portland, 1985-90